Testimony by

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Good morning, Mr. Chairman, and Members of the Committee. Thank you for this opportunity to testify about U.S. policy toward South Asia. As requested by the Chairman in his letter of invitation, I will focus my remarks primarily on U.S. relations with India and Pakistan. I respectfully request that my statement be entered into the record.

The United States today stands at an extraordinary moment of opportunity in regards to South Asia. For the first time in many decades, we enjoy good relations with India and Pakistan simultaneously. These two countries are themselves in the midst of remarkable transformations. After many decades of faltering, India now appears to be well along the way to becoming a major global power, having added to its original achievement of liberal democracy the new magic ingredient of liberal economics. Pakistan too appears to have pulled itself out—at least for the moment—from the morass of macro-economic mismanagement, though the gains it has made with respect to consolidating liberal politics, controlling religious extremism, and eliminating terrorist groups operating from within its territories, are still fragile. When viewed comparatively, therefore, the principal trends in the two most important states in South Asia are in the right direction, though there are clear differences in the intensity and the durability of their trajectories: the general consensus in the scholarly and intelligence communities is that India is likely at some point or another in the coming decades to obtain the great-power capabilities that eluded it throughout the Cold War; in contrast, there is still considerable uncertainty about whether Pakistan has decisively mastered the multiple political, economic, and ideological challenges that confront it as a state and there is a substantial body of opinion which holds that the Musharraf regime's recent successes are by no means either permanent or assured.

Given these judgments, I believe the United States should pursue the following grand strategic objectives towards India and Pakistan.

- Vis-à-vis India, the United States should aim to rapidly complete the transformation in U.S.-Indian relations that has been underway since the final years of the Clinton Administration, and which received dramatic substantive impetus in the first term of President George W. Bush, in order to permanently entrench India in the ranks of America's friends and allies. With the changes that have occurred both globally and in India since the end of the Cold War, a close bilateral relationship that is based on the strong congruence of interests, values, and inter-societal ties, is in fact possible for the first time in the history of the two countries.

- Vis-à-vis Pakistan, the United States should aim to assist Islamabad to achieve a "soft landing" that reverses the still disturbing political, economic, social, and ideological trends and enable Pakistan to transform itself into a successful and moderate state. Because of the immensity of the problems facing that country, and because these difficulties are often viciously reinforcing, the Administration ought not to expect that Pakistan will be able to overcome all obstacles entirely by the end of President Bush's current term. Consequently, U.S. objectives would be satisfied if Pakistan makes sufficient progress so that the trend lines with respect to good governance, stable

macro-economic management, investments in human capital, foreign and strategic policy behaviors, and ideological orientation, are both positive *and* durable.

It is my judgment that the Administration's initiatives towards both countries since the President's first term in office have been broadly consistent with these grand strategic objectives. The announcements made earlier in March this year, asserting the Administration's desire "to help India become a major world power in the twenty-first century" even as it conveyed its intention to proceed with the sale of F-16 fighter aircraft to Pakistan, represent in my opinion a further—and desirable—evolution of U.S. policy towards South Asia. Let me clarify my position on the latter issue. I have previously, and in writing, argued that Washington ought to focus the thrust of its assistance towards assisting Pakistani society rather than simply strengthening the Pakistani state, especially one that at its highest levels of executive power is not yet representative, freely elected, or reflects popular choice. The rationale for this position is straightforward: the most dangerous problems in Pakistan today, and those that will directly affect the security of the United States for a long time to come, originate and are manifested in corrosive trends in Pakistani *society*, such as the failures in public and religious education, the prevalence of extremist Islamist ideologies, and the increasing poverty and failing social indicators, that make for a radicalized politics which threatens both Pakistan and the outside world.

The Administration has attempted to respond to this challenge by allotting fully half of its substantial aid package to economic and social assistance, though we must be careful to ensure that this assistance is appropriately targeted. Assisting Pakistani society, however, requires providing some measure of support to the Pakistani state: first, as a form of gratitude for the assistance Islamabad has extended the United States in the global war of terrorism, sometimes at the cost of great resistance especially in the frontier and tribal areas of Pakistan; and, second, as an inducement to General Pervez Musharraf to continue to prosecute more effectively the military operations against terrorism, as a form of tangible support for his convictions about "enlightened moderation," and, as a reward for his efforts at normalizing relations with both Afghanistan and India. It is in this context that the Administration's decision to offer Pakistan F-16s, despite not being directly relevant to combat operations against terrorism, is defensible—not as an ideal but, in the phrase favored by economists, as a "second-best equilibrium" in U.S.-Pakistan relations. I believe the Administration itself appreciates this, which is the only reason why the President embarked upon this course of action many years after the request was first—and repeatedly—made by Islamabad.

Although, in a perfect world, the United States would arm Pakistan only to the extent required by the necessities of anti-terrorism operations, in the real universe of international politics, Islamabad's cooperation in anti-terrorism operations would simply be less than enthusiastic if Washington were seen to be unresponsive to Pakistan's conception of its defense requirements. Given this consideration, the sale of F-16s to Pakistan is appropriate because it emphasizes that Islamabad's cooperation with the United States in multiple issue areas pays off and, further, it conveys that Washington would be willing to address Islamabad's security needs so long as Pakistan continues to

behave responsibly. Many of the dilemmas arising from this intended sale would be attenuated if General Musharraf were to:

- Demonstrate the same willingness to apprehend the Taliban leadership and cadres (who are currently engaged in hostile operations against American forces and the Karzai regime) that he has displayed in the combined U.S.-Pakistan interdiction of Al Qaeda remnants.

- Demonstrate a serious commitment to the peace process with India by actually shutting down the infrastructure of terrorism in Pakistan and by terminating infiltration of terrorist groups supported and sustained by Pakistan's intelligence services across the Line of Control in Kashmir (an activity that has still not ceased, and may have even increased recently, despite Musharraf's repeated public and private commitments to Washington and New Delhi).

- Demonstrate full transparency with the United States about the activities of A. Q. Khan's proliferation network as well as a willingness to prosecute Khan's cohort in Pakistan who were also complicit in his illicit trades.

- Demonstrate an undertaking to restore democracy in Pakistan—consistent with the President's vision of a democratic renaissance worldwide—by committing to retire from his position as Chief of Army Staff by the time of the 2007 election, running (if he wishes to) for presidential office as a civilian, and permitting the exercise of free and fair elections that involve participation by all (especially established) parties in Pakistan.

As an adjunct to the Administration's proposed military assistance package, and in order to minimize the regional complications that could arise as a result, I think it is important that senior Administration officials, such as Secretary Rice, engage General Musharraf in a frank private conversation on these issues.

While the orientation of U.S.-Pakistan relations for the foreseeable future is thus likely to be focused on avoiding the *summum malum*, the opportunities offered by the transforming U.S.-Indian relationship provide hope for reaching the *summum bonum* in a way that eluded both sides during the Cold War. During that period, U.S.-India relations were based only on values deriving from a common democratic heritage; as the historical record shows, values sufficed to prevent both countries from becoming real antagonists, but they could not prevent the political estrangement that arose from divergence in critical interests. With the passing of the bipolar international order and with India's own shift towards market economics at home, the traditional commonality of values is now complemented by an increasingly robust set of inter-societal ties based on growing U.S.-Indian economic and trade linkages, the new presence of Americans of Indian origin in U.S. political life, and the vibrant exchange of ideas and culture through movies, literature, food, and travel.

These links are only reinforced by the new and dramatic convergence of national interests between the United States and India in a manner never witnessed during the last fifty-odd years. Today and for the foreseeable future, both Washington and New Delhi will be bound by a common interest in:

- Preventing Asia from being dominated by any single power that has the capacity to crowd out others and which may use aggressive assertion of national self-interests to undermine cooperative behaviors among other states;

- Eliminating the threats posed by state sponsors of terrorism who may seek to use that instrumentality to attain various political objectives, and more generally by terrorism and religious extremism to free societies;

- Arresting the further spread of weapons of mass destruction to other countries and sub-national entities including by sub-state actors operating independently or in collusion with states;

- Promoting the spread of democracy not only as an end in itself but also, and perhaps more importantly, as a strategic means of preventing illiberal polities from exporting their internal struggles over power abroad; and

- Advancing the diffusion of economic development with the intent of spreading peace through prosperity through the liberalized trade in goods, services, and technology worldwide.

Given these realities, the President's decision to accelerate the transformation in U.S.-Indian relations (through multiple avenues now being contemplated by the Administration) represents an investment not only in bettering relations with a new rising power but also, and more fundamentally, in the long-term security and relative power position of the United States.

The record thus far amply substantiates the claim that India will be one of Asia's two major ascending powers in the first half of this century. The Indian economy has been growing consistently at about 5.5% since 1980 and at about 6.5% since 1991. This growth has been driven entirely by internal resource mobilization, productivity gains, and domestic market liberalization—unlike China which has relied more than India has on foreign direct investment and its connectivity with the global economy for superior growth rates. With the new Indian decision to seek a larger quantum of foreign direct investment as a supplement to its continuing internal economic reforms, it is expected that the Indian economy could grow at a rate of 7-8% for the next two decades. If these expectations are borne out, there is little doubt that the India will overtake current giants such as Japan, Germany, the United Kingdom, and France by exchange rate measures at some point during the next twenty-five to fifty years.

As if anticipating this prospect, India's foreign policy profile has already changed dramatically. In contrast to the inward looking policies New Delhi followed since the

early 1970s, India now seeks to engage the world in different ways and for different reasons:

- New Delhi is committed to the ongoing transformation in US-Indian relations because of its recognition that America's primacy in the international system provides specific political and economic benefits to India.

- The government of India has begun a serious effort at rapprochement with Pakistan through a "composite dialogue" that discusses all issues including Jammu and Kashmir, and a process of internal reconciliation with disaffected Kashmiris.

- A new "Look East" Indian policy has emerged for political and economic justifications connected with both engaging China and containing its growing power and influence in East and Southeast Asia.

- India's huge energy requirements are driving an expanded presence in Central Asia, the Persian Gulf, and Southeast Asia, even going as far as Africa and Latin America.

- India has embarked on a new cycle of military modernization, but unlike the past when autarkic and exclusionary attitudes defined its conception of military power, New Delhi is now comfortable with using its military forces for combined operations with both regional countries and especially with the United States.

All told, then, India's emergence as a great power that dominates the South Asian and Indian Ocean regions, is now only a matter of time. A strong U.S.-Indian relationship, characterized by robust bilateral cooperation in regards to preserving regional and global order, is emphatically in the interest of both India and the United States. Given India's large size, proud history, and great ambitions, however, it would be unrealistic to expect that New Delhi would become a formal alliance partner of Washington, even if the current improvement in U.S.-Indian relations were successfully consummated. Rather, India will likely march to the beat of its own drummer, at least most of the time. I believe that a strong and independent India nevertheless represents a strategic asset to the United States, even when it remains only a partner and not a formal ally. I think that the administration has reached a similar conclusion—correctly in my judgment—in its March 25, 2005 statement about assisting the rise of Indian power. This appraisal is rooted in the assessment that there are no intrinsic conflicts of interest between India and the United States and, consequently, transformed ties that enhance the prospect for consistent—even if only tacit—"strategic coordination" between Washington and New Delhi serve American interests just as well as any recognized alliance.

The challenge facing the Administration in this context is to craft a set of policies that satisfy India's desire for more liberal access to a variety of high-technologies in the areas of civilian nuclear energy, civilian space cooperation, advanced industrial equipment, and military capability—technologies that hold the promise of helping New Delhi attain the even higher levels of economic growth necessary for rapid development and realizing its dream of securing great power capabilities—without undermining the various

international nonproliferation regimes that Washington has tirelessly put in place during the past several decades. Consistent with the Administration's own intention to assist the growth of Indian power, the executive branch has pursued three new initiatives since the beginning of this year, in addition to various other ongoing activities in bilateral diplomatic collaboration, military-to-military relations, counterterrorism cooperation, joint science and technology projects, and public diplomacy. First, it has compressed the implementation schedule relating to the Next Steps in Strategic Partnership agreement reached in January 2004. Second, it has permitted Lockheed Martin and Boeing to offer F-16s and F-18s, respectively, as candidates for the Indian Air Force's multi-role fighter program, while also stating on the record that it will support Indian requests for other transformative systems in areas such as command and control, early warning, and missile defense. Third, it expressed willingness to discuss a range of difficult and highly contentious issues through three separate, high-level, dialogues that are currently underway with New Delhi.

The strategic dialogue focuses on global security issues, including India's quest for permanent UN Security Council membership, future defense cooperation, high-technology trade, and space-related collaboration as well as regional issues pertaining to security in and around South Asia. The energy dialogue addresses energy security issues broadly understood, including the proposed Indo-Pakistani-Iranian gas pipeline, nuclear safety cooperation, and, most important of all, ways of integrating India into the global nuclear regime so as to address New Delhi's desire for renewed access to safeguarded nuclear fuel and advanced nuclear reactors. The economic dialogue, which involves both high-level political and private sector participation, is aimed at increasing U.S.-Indian trade and creating new constituencies in the United States having a stake in India's growing power and prosperity.

I welcome and endorse these initiatives entirely but caution that—as things stand currently—these endeavors represent innovations at the level of process rather than at the level of outcomes. Their success will ultimately be judged not by the number of meetings held or the bonhomie generated, but whether they produce concrete policy changes that engender fresh material gains for both sides, especially with respect to integrating India into the global nonproliferation order without compromising its national security. Since the agenda associated with this issue in particular and the three dialogues in general is long and involved, and will at any rate take some time to consummate to the satisfaction of both sides, I would urge the Administration to pursue at least the following initiatives to be announced during the Indian Prime Minister's visit to Washington on July 18, 2005, as a means of sustaining the momentum of the on-going transformation in U.S.-Indian relations:

- Invite India to participate in the Generation IV, ITER, and Radkowsky Thorium Fuel (RTF) international research programs pertaining to the development of safe, proliferation-resistant, advanced nuclear reactor technologies.

- Declare that, pending a permanent solution to the problem, the United States would permit India to purchase the requisite quantities of safeguarded low-enriched uranium required for its next fuelling of the Tarapur 1 and 2 nuclear reactors.

- Inform the Government of India that the United States would not impede the construction of the Indian-Pakistani-Iranian gas pipeline so long as New Delhi cooperates by all means necessary—including by terminating or suspending work on the pipeline—if the international community were to consider penalizing Iran at some future point in time for persisting with its uranium enrichment program.

As a complement to these initiatives, the Administration should focus on securing Indian cooperation in the following ways in the near-term:

- Gaining India's commitment to participate in the Proliferation Security Initiative (as part of the Core Group if need be, if this distinction is to be maintained).

- Procuring political and financial support for President Bush's idea of a "democracy fund" to be lodged within the United Nations as well as for other U.S. democracy initiatives.

- Obtaining an Indian pledge to support U.S. stabilization efforts in Iraq through non-military contributions including but not restricted to police training, development of civil services and administrative institutions, public works programs, and training NGOs.

The kinds of initiatives that can be pursued by both the United States and India during the current window of opportunity are limited mainly by our collective imagination. The ideas I have enumerated above are only meant to be illustrative, but they nonetheless represent issues that are of high priority to either side, can be implemented relatively quickly, and presage more consequential policy changes that could materialize as U.S.-Indian relations continue to deepen further. Despite all the controversies swirling around other foreign policies of the Bush Administration, it is worth remembering that as far as India is concerned the President has got it absolutely right—indeed got it absolutely right even before he took office in January 2001:

> Often overlooked in our strategic calculations is that great land that rests at the south of Eurasia. This coming century will see democratic India's arrival as a force in the world. A vast population, before long the world's most populous nation. A changing economy, in which 3 of its 5 wealthiest citizens are software entrepreneurs. India is now debating its future and its strategic path, and the United States must pay it more attention. We should establish more trade and investment with India as it opens to the world.

> And we should work with the Indian government, ensuring it is a force for stability and security in Asia.[1]

There is no better demonstration of this judgment than the transformation of U.S.-Indian ties insofar as they relate to bilateral cooperation regarding other countries in South Asia. Whereas barely a decade ago, India sought consistently to isolate the South Asian region from all foreign influences, today Washington and New Delhi are collaborators with respect to managing the various kinds of state failure now found along India's periphery. Although the bilateral partnership has been effective in varying degrees on this question, the fact that both sides see their interests within South Asia as complementary rather than antagonistic represents an important breakthrough. The challenge for both countries now is to extend the most successful examples of bilateral cooperation here—on Nepal, Afghanistan, and Sri Lanka—to other regional and functional areas lying further afield.

If the United States is to get to the point, however, where strong U.S.-Indian cooperation becomes the norm rather than the exception, the leadership in both the executive and legislative branches of government will have to do their part by exercising focused attention on effectuating the policy changes prospectively required to provide India with more liberal access to civilian nuclear, space, dual-use, and other controlled technologies as an incentive for New Delhi to continue to align its own growing power with American national purposes.

Thank you, Mr. Chairman, for your attention and consideration.

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[1] Governor George W. Bush, "A Distinctly American Internationalism," Ronald Reagan Presidential Library, Simi Valley, California, November 19, 1999.